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SUMMARY RECORD OF THE 30th MEETING

Chairman:	Mr. MONGBE	(Benin)
later:	Mr. RYSINSKI (Vice-Chairman)	(Poland)

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The meeting was called to order at 3.10 p.m.

AGENDA ITEM 91: DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION (continued)

(a) TRADE AND DEVELOPMENT (A/48/15 (vols. I and II), A/48/139, A/48/163, A/48/164, A/48/272-S/26108, A/48/363, A/48/487, A/48/533, A/48/535)

(d) ECONOMIC AND TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES (A/48/495, A/C.2/48/5)

(h) SCIENCE AND TECHNOLOGY FOR DEVELOPMENT (A/48/465)

(i) ENTREPRENEURSHIP (A/48/472)

1. Mr. SHARAF (Jordan), speaking as President of the Trade and Development Board, introduced the report of the Trade and Development Board (A/48/15, vols. I and II) saying that the reforms agreed on at the eighth session of the United Nations Conference on Trade and Development (UNCTAD) had proved very effective. The technical and policy content of the discussions had been considerably enhanced by the regular and active participation of representatives of Governments and international organizations and of invited experts, as well as by country presentations on national experiences, as recommended by the Cartagena Commitment.

2. Since it had been recognized that UNCTAD should play an important role in the implementation of Agenda 21, at the second part of its thirty-ninth session the Board had decided that, in its sustainable development activities UNCTAD should focus on trade and environment, commodities, technology, services, poverty and privatization. It had also urged the Governments participating in the Uruguay Round of multilateral trade negotiations to work for an early and balanced conclusion to the negotiations. At its fortieth session, the Board had stressed the need to evaluate the results of the Uruguay Round before it was concluded.

3. The fortieth session had focused on issues of interdependence and debt, and in particular growth dynamics in various regions in the context of global interdependence. Discussions had, as usual, been underpinned by the UNCTAD Trade and Development Report 1993. Some of the analyses in the report questioned conventional wisdom in a number of areas. The analyses included a proposal for a one-time capital levy in order to improve public finances; a critique of structural adjustment policies in Sub-Saharan Africa; questions about the sustainability of the recovery in Latin America; the role of government intervention in the rapid growth in Asia; and questioning of the appropriateness of "shock therapy" in Central and Eastern Europe, except in cases of hyper-inflation. Despite some reservations on the proposals of the report, a consensus had emerged that the conceptual framework and the design and implementation of structural adjustment policies in Africa needed improvement. It was important for Governments to be more pragmatic and to devote closer attention to public investment, fiscal reform, public enterprises, export expansion and public administration.

(Mr. Sharaf, Jordan)

4. Discussions of debt rescheduling should henceforth concentrate more on the poorer developing countries, especially in Africa. The report's analysis of African debt and poor structural adjustment performance would be relevant to the General Assembly's discussion on the United Nations New Agenda for the Development of Africa in the 1990s.

5. On trade and development, the Board had recommended that the multilateral trading system should be consistent with the goals of sustainable development; improved national environmental standards should be achieved through a successful conclusion of the Uruguay Round; environmental problems should be addressed through appropriate macroeconomic and environmental policies; and trade restrictions should not be used to offset differences in cost arising from differences in environmental standards. It had also stressed the need for eco-labelling programmes to take into account the trade and sustainable development interests of producing countries, and in particular the developing countries and countries in transition.

6. The Board had reviewed the emerging free trade and economic integration agreements and had concluded that integration groupings bore a special responsibility for the impact of integration on weaker trading partners. It had urged such groupings to be outward-oriented and supportive of the multilateral trading system.

7. The recent economic crisis had drastically reduced the capacity of land-locked developing countries and their transit neighbours to expand their transit infrastructure, and even to maintain existing facilities. The Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions, held in May 1993 had provided the first opportunity for such countries and their development partners to address transit problems in a global forum. The Board had endorsed the recommendations concerning improvement of transit cooperation and enhancing of the efficiency of transit services adopted at that Meeting, and had decided to forward the report of the Meeting to the General Assembly for appropriate action.

8. At a time when the Palestinian-Israeli peace process could radically transform the situation in the Middle East, the Board had taken note of the UNCTAD report entitled "Developments in the economy of the occupied Palestinian territory" and had decided to draw the attention of the General Assembly to the Board's discussions of UNCTAD's assistance to the Palestinian people.

9. Finally, the Board would continue to hold consultations on the thirtieth anniversary of UNCTAD and on the draft terms of reference of the Ad Hoc Working Group to explore the issue of structural adjustment for the transition to disarmament.

10. Mr. DADZIE (Secretary-General of the United Nations Conference on Trade and Development) said that the report of the Trade and Development Board of UNCTAD (A/48/15) provided a measure of the importance attributed in UNCTAD to the international implications of macroeconomic policies and issues concerning interdependence. The particular aspect chosen for examination by the Board in 1993 was growth dynamics in the context of global interdependence.

(Mr. Dadzie)

11. The world economy continued to stagnate although there were considerable discrepancies in the economic performance of various regions and countries. Growth in the economies of the Organisation for Economic Cooperation and Development (OECD) in 1993 would be below 1 per cent, less than the previous year. Unemployment was rising and Government deficits and debt had been accumulating. The absence of a broadly based recovery had caused commodity prices to fall again, intensifying poverty in many developing countries.

12. Despite that ongoing recession in most of the developed countries, growth in the developing world had continued in 1992 and remained strong in 1993. Indeed, the impressive performance of many developing countries particularly in East and south-east Asia, had given valuable support to an otherwise slow-moving world economy. In all the fast-growing countries of the region, Governments had given strong support to private business and to exports. Government intervention had diminished in recent years and that withdrawal had generally been carried out in orderly fashion.

13. China's rapid growth owed much to the reform of its central planning system, but the process had been gradual - although not smooth - not the shock treatment advocated by mainstream economic thinking for transition economies. With the lessening of control over finance and investment, the economy had been overheating and the authorities had recognized the need to curtail expenditure.

14. In most countries of Latin America, radical policy shifts had been introduced, leading to generally improved financial performance and accelerated growth. One striking feature in the region's changing fortunes had been the huge swing in the net transfer of resources. Foreign investment had picked up, but some of the inflow was the large-scale repatriation of flight capital, a source which was not inexhaustible.

15. A pronounced swing towards the free-market philosophy had also shaped economic policies in Africa. While most countries in Sub-Saharan Africa had been pursuing structural adjustment programmes for several years, the growth performance of the region remained extremely poor, per capita incomes remained lower than they had been 20 years previously. While the region had benefited from increased external financial assistance, its terms of trade had worsened. The resulting financial squeeze had been reflected not only in the persistence of the region's debt crisis, but also in severe problems in carrying out adjustment programmes.

16. In central and eastern Europe severe economic contraction was common and unemployment remained high. Although inflation had been brought down considerably in most countries, the situation in the Russian Federation and other former Soviet republics was approaching hyperinflation, and unemployment was likely to increase sharply and output to fall further. Those and other developments raised questions about the appropriateness of shock therapy. He was not suggesting that it would be wise to delay reforms, but simply pointing out that a market economy was a complex system of institutional frameworks, traditions and norms that had usually evolved over time.

(Mr. Dadzie)

17. The economic prospects of developing countries depended crucially on trade liberalization, and that had been a key component of the various structural adjustment policies. However, trade liberalization in developed countries had, on the whole, been very modest, and there had been no significant decline in protectionism for products of export interest to developing countries. Of particular concern was the persistent unilateral retaliatory action, or the threat thereof, outside the framework of the General Agreement on Tariffs and Trade (GATT) to remedy alleged "unfair" trade practices. Such action by developed countries served more to protect their domestic industries from import competition.

18. An early and successful conclusion of the Uruguay Round was therefore desirable. It should not only provide a comprehensive market-access package on goods and services thus enabling developing countries to achieve more effective integration in the world economy, but also stimulate new investment and signal the determination of Governments to quell protectionist tendencies and open the way for the post-Uruguay Round era.

19. Mr. JONAH (Under-Secretary-General for Political Affairs), introducing the report of the Secretary-General on cooperation between the United Nations and the Southern African Development Community (SADC) (A/48/495), said that the Community, which had replaced the Southern African Development Coordination Conference was part of the overall effort of the countries of the subregion to enhance and intensify interregional cooperation, and, in particular, to establish an African economic community.

20. The report contained information submitted by Member States and by the agencies and organizations of the United Nations system on their programmes of cooperation with SADC during the period under review.

21. Mr. BERTUCCI (Acting Director, Division of Public Administration and Development Management, Department for Development Support and Management Services), introducing the report on entrepreneurship and national development (A/48/472), said that the report discussed measures taken by Governments to create new businesses or to improve the commercial viability and contribution to employment and exports of existing businesses. Entrepreneurship programmes overlapped with other programmes relating to business and industry, but nearly always focused on smaller businesses. Lack of finance was still reported as the principal problem of small entrepreneurs. World Bank experience with lending to small- and medium-sized enterprises underscored the importance of the competence of the financial intermediaries and the recovery rates they achieved. The focus was shifting from the distribution of credit lines to the strengthening of financial institutions and their legal framework. Technical assistance had an important role to play, particularly with regard to capacity-building for financial institutions and the provision of credit to micro-enterprises.

22. Mr. NONES SUCRE (Department for Development Support and Management Services), introducing the report on ways and means of strengthening of endogenous capacity-building in science and technology in developing countries (A/48/465), said that there was growing acceptance of a global science and technology research system in which developing countries could make a

(Mr. Nones Sucre)

contribution, which would benefit the global economy as a whole. United Nations documents on the subject had proved valuable and in that connection he wished to draw the Committee's attention to paragraph 5 of the report, which mentioned the background paper on the role of technology in economic integration which had been made available to the Commission on Science and Technology for Development at its first session. It used case studies on various countries to illustrate the process of capacity-building.

23. Regarding paragraph 24 of the report, he wished to add two comments. First, the World Bank and the regional development banks were becoming increasingly involved in science and technology lending, for instance, through programmes of cooperation between research and industry emphasizing joint initiatives involving companies from various countries. Second environmentally sound technology required assessment of the long-term impact of technology by the users, such as enterprises, who needed to develop a capacity to that effect. Technology assessment and forecasting capabilities were a key link between environmental and industrialization goals.

24. Chapter IV of the report dealt with a substantial technical cooperation project on science and technology capacity-building at the interregional level financed by the United Nations Fund for Science and Technology for Development. The project had helped to determine priorities and initiatives for endogenous capacity-building in science and technology through a process of participatory policy-making.

25. With regard to the action to be taken by the General Assembly on endogenous capacity-building, he wished to underline that the areas and specific activities suggested in the report (paras. 87-95) fell within existing Secretariat mandates.

26. Mr. JARAMILLO (Colombia), speaking on behalf of the Group of 77 and China, said that the developing countries were in the strange position of constantly having to ask the industrialized countries to adopt the very same measures and policies they required of the Third World. In the seven years since the Uruguay Round of multilateral trade negotiations had been launched, many developing countries had embarked on policies of trade liberalization and integration into the world economy, yet protectionism had intensified and calls for its end had been blocked. In the meantime, the Uruguay Round remained deadlocked.

27. The negotiations in the most recent phase had become fragmented and lacking in transparency. The industrialized countries, while squabbling among themselves, had none the less concentrated on making deals in secret negotiations. Even the 15 December deadline for completing the process was the result of a unilateral decision. They seemed to be trying to reach an agreement at the last moment, which the developing countries would be pressured into accepting without amendment, at the risk of being held responsible for the ultimate failure of the negotiations. The evaluation mechanism envisaged in the Punta del Este Declaration was of vital importance. The draft Final Act and the Blair House accord on agriculture had been designed to meet the interests of the developed countries, thus distorting the principles agreed in the Declaration.

(Mr. Jaramillo, Colombia)

28. The proposals on the institutional reform of GATT should ensure a close relationship with the United Nations. Decision-making bodies and processes should be based on transparent, universal and democratic mechanisms and guarantee an adequate participation by developing countries.

29. The eighth session of the United Nations Conference on Trade and Development had seen an unprecedented effort to modernize UNCTAD, and the Cartagena Commitment adopted as a result of the Conference must be consolidated and used as a permanent guide for the work of the United Nations in that area. All necessary measures should be taken to implement the actions agreed to by the Trade and Development Board. In that context, it was necessary to strengthen international cooperation to ensure that the issues of trade, environment and sustainable development reinforced one another. Environmental problems should be resolved through environmental policies and appropriate macroeconomic strategies. Trade liberalization was a prerequisite for achieving the objectives of sustainable development. UNCTAD should continue its work in the areas linking trade, environment and development, and report thereon on a regular basis to the Economic and Social Council via the Commission on Sustainable Development.

30. He also wished to emphasize the importance of dealing, as a matter of priority, with the difficulties faced by land-locked developing countries. The conclusions of the intergovernmental meeting of experts on that subject should be fully discussed and used as the basis for action to deal with the declining economic, financial and social position of those countries. The international community, the United Nations system and the financial and development institutions should provide assistance and the necessary resources to improve the infrastructure in those countries and to alleviate their problems of transport, administration and communications.

31. Throughout 1993 the Group of 77 and China had urged that the transfer to UNCTAD of functions relating to science and technology should be accorded the priority it deserved. That should be reflected in the level and clear identity of the unit responsible for science and technology as well as its functions and relation with intergovernmental bodies. In that respect, he expressed concern at the fact that the resources to be accorded to science and technology were to be decreased significantly, which would seem to indicate that a deliberate effort was being made to put an end to United Nations functions in the area of science and technology.

32. That subject was of critical importance to developing countries. The world was witnessing a surge of structural adjustment and industrial transformation that could open up new prospects for those countries. However, the scientific advances were controlled by the industrialized countries and the countries of the Third World lacked the capacity to develop them. The bodies of the United Nations should make every effort to strengthen their activities in that field. Adoption by the General Assembly of the programme of work for 1994-1995 was a necessary step in that direction.

33. In conclusion, he expressed concern at the continued application on the part of some developed countries of economic measures against developing countries for political or other purposes which were contrary to international

(Mr. Jaramillo, Colombia)

law. In that respect, it was also regrettable that the Secretariat had failed to take the necessary steps to implement the mandate given to it by Member States in paragraph 4 of General Assembly resolution 46/210. It was to be hoped that the measures needed to correct that situation would be in place by the fiftieth session of the General Assembly.

34. Mr. PEETERS (Belgium), speaking on behalf of the European Union, said that the Commission on Science and Technology for Development should limit the number of substantive topics for discussion in the inter-sessional period; it should also limit the number of its resolutions in order to ensure that all interested parties had a chance to participate in the debate. The European Union had been unable to support Economic and Social Council resolution 1993/74 on the future work plan of the Commission, inter alia, because its budgetary implications for the biennium 1994-1995 were not known and because the over-specific references it made to United Nations restructuring could only impair that process. However, he hoped that agreement might be reached in the Committee on the substance of the resolution.

35. Turning to entrepreneurship and national development, and noting the trend towards privatization, he stressed the role of the State in creating the necessary conditions for a market economy. Entrepreneurship should be able to flourish unhampered by unwieldy regulations or administrative procedures, and should benefit from a good infrastructure and communications, a free and efficient financial market and relevant tax incentives. Entrepreneurship was stymied by the difficulty of obtaining sustained funding for small economic units, as well as by state interference and, regrettably, corruption. Bilateral and multilateral donors and the United Nations had an important role to play in the promotion of entrepreneurship.

36. Mr. GARCIA BERCERO (Observer for the European Economic Community), speaking on behalf of the European Community, said that the success of the Uruguay Round depended on the sustained efforts of all participating Governments and a return to the concept of globality in the negotiations process. A real sense of urgency and collective political will was needed to ensure a balanced, lasting and global agreement.

37. It was necessary to bear in mind the very real advantages that would result from the successful conclusion of the Uruguay Round. First, the current difficult economic conditions, including an unacceptably high level of unemployment in many countries, called for decisive measures to liberalize multilateral trade. Increased trading opportunities for all countries and in all sectors of the economy should act as a stimulus for economic growth and development. The European Council had emphasized that a satisfactory conclusion of the Round was an integral component of a European strategy in favour of growth, competitiveness and employment.

38. Secondly, the successful conclusion of the Uruguay Round would give confidence to developing countries and economies in transition and encourage their economic and trade liberalization reforms. In that context, special attention should be given to the integration of the least developed countries into the global trading system.

(Mr. Garcia Bercero)

39. Finally, the multilateral trading system must be strengthened. The Uruguay Round should result in an overall reinforcement of GATT disciplines, as well as their extension to new areas, such as services and intellectual property. Such an improved framework of rules must be supported by an efficient, fair and binding mechanism for the settlement of disputes and a reinforced institutional capacity for the GATT system. A paramount objective for the Round must be to ensure that all countries fulfilled their multilateral obligations and refrained from unilateral action.

40. The European Community was determined to ensure that there was a sufficiently large market-access package, covering both goods and services, so that all countries could benefit from increased trading opportunities. A central objective to be achieved by the conclusion of the Uruguay Round and the establishment of the multilateral trade organization (MTO) was to create a coherent single framework to monitor compliance with commitments.

41. The United Nations Conference on Environment and Development had given two fundamental messages that should guide further intergovernmental discussions on trade and environment. First, trade and environment policies should support sustainable development. Secondly, there was a need to avoid unilateral trade restrictions as a response to environmental challenges outside a country's jurisdiction. The European Community was encouraged by the positive response of GATT and UNCTAD, within their respective spheres of competence, to the follow-up of the Conference.

42. The Commission on Sustainable Development had a crucial role to play in reviewing the progress achieved in implementing the chapter of Agenda 21 that dealt with trade. The next session of the Commission would provide an important opportunity to carry out an initial review on the basis of substantive contributions by all competent organizations.

43. It was the usual practice of the Second Committee to hold separate discussions and negotiations on such issues as trade, debt, aid and private investment, in spite of the fact that those issues were so interconnected. Consideration should be given to ways of fostering a more integrated approach in order to promote, through a process of dialogue, greater coherence in economic policy-making. The effectiveness and impact of the Committee's work could be improved through progressive steps to avoid fragmentation and repetition. The Committee should also consider that issue in the context of the forthcoming agenda for development.

44. Mr. BUTLER (Australia), speaking on behalf of the Cairns' Group, said that it remained, as always, fully committed to the goals of GATT. In order to bring the Uruguay Round to a successful conclusion by the 15 December deadline, all participants must work together. However, the prime responsibility lay with the major industrial countries, who had the most to gain and, unfortunately, were showing the most reluctance.

45. The Cairns' Group remained firmly opposed to the notion that agriculture could be set aside in order to conclude interim or partial agreements. Furthermore, negotiations on agriculture could not be completed without the full involvement of the Cairns' Group and all the other parties concerned. They

(Mr. Butler, Australia)

should result in commitments to expand market access and in the acceptance of all draft Final Act provisions aimed at liberalizing agricultural trade, including budgetary-based reductions in export subsidies and the commitments on trade-distorting domestic support measures. An agricultural package that did not provide improved access for all products in all markets was not acceptable.

46. The draft Final Act remained the basis for concluding the negotiations. The Cairns' Group was not a party to the Blair House accord and could not take a final position on a text to which it did not have access. However, to the extent that the accord weakened the draft Final Act, it could not support it. Now was not the time for special pleading and delaying tactics. The success of the Uruguay Round was crucial for the world economy.

47. Mr. ABDELLAH (Tunisia), addressing the topic of trade and development on behalf of the countries of the Arab Maghreb Union, said that they fully endorsed the statement made by the Chairman of the Group of 77. At a time of great international change, the positive potential of the link between trade and development should not be ignored. The developing countries, which continued to pursue ambitious restructuring and reform programmes despite the prevailing difficulties in the world economy, called on the developed countries to respond to their efforts by providing concrete assistance, including increased market access and technology transfer. The Union took great interest in the consolidation of United Nations structures dealing with economic issues, and it deplored the lack of progress within the United Nations Conference on Trade and Development (UNCTAD) towards implementing an international code of conduct on the transfer of technology.

48. Technological flows to developing countries must be backed by financial flows, especially in view of the debt and debt-servicing burden of those countries. One possible means of achieving that end would be to recycle the debt by creating a special fund to finance development projects using debt-service payments. The resulting projects would benefit the rich countries as well, because the employment generated would discourage migration. The Union had also proposed the convening of a conference on the development of the Maghreb countries, whose purpose would be to institute mechanisms for political, economic and social cooperation with their northern neighbours.

49. He recalled that the Council of the Union had approved the creation of a Maghreb common market, which it hoped would eventually lead to cooperation on the African level. Because prosperity for all could be achieved only through international cooperation, the Union hoped that the multilateral trade negotiations would be successful and that they would take into consideration the interests of developing countries which were net importers of agricultural products. Successful conclusion of the Uruguay Round would restore confidence and stimulate world economic growth.

50. Many developing countries, particularly in Africa, had unilaterally opened up their markets as part of their economic restructuring, thereby making an important contribution to trade liberalization and demonstrating their commitment to the successful conclusion of the Uruguay Round.

51. Mr. PIBULSONGGRAM (Thailand), speaking on behalf of the six States members of the Association of South-East Asian Nations (ASEAN), said that ASEAN was deeply concerned about the conclusion of the Uruguay Round. Prolonged delay in the negotiations had already had a negative impact on world trade and further delay would have immeasurable adverse effects on the world economy. ASEAN therefore urged all participating Governments to work constructively to bring the Round to a successful conclusion by 15 December 1993.

52. The reopening of discussions on the provisions dealing with the commitment to reduce domestic support and export subsidies and liberalize market access, as well as other substantive provisions of the draft Final Act, including provisions on anti-dumping, would seriously impair the conclusion of the Uruguay Round. The successful conclusion of the Round, with a balanced and comprehensive package for liberalizing market access to goods and services, would increase growth in world trade, reduce protectionism and generate global economic reforms.

53. The establishment of the multilateral trade organization would be a significant step towards the creation of a system that would provide an effective institutional framework for the implementation of the results of the Uruguay Round. That would help create a stronger and more viable multilateral trading system that was responsive to changes in the international trading environment. UNCTAD had a crucial role to play in identifying the objectives of future trade negotiations and achieving universal acceptance of the legitimacy of the interests of participants at different levels of development.

54. The commitment of ASEAN to regional cooperation and economic integration was reflected in its initiative to liberalize regional trade through the establishment of the ASEAN Free Trade Area (AFTA) using the Common Preferential Tariff Scheme. Various other initiatives had also been undertaken by ASEAN countries to complement and supplement trade liberalization in order to attain the objectives of AFTA.

55. The commitment to international development cooperation and partnership for development should be based on a just and equitable system of international economic relations. That could be achieved through the reactivation of the North-South dialogue. ASEAN was encouraged by the response of the Group of Seven to the invitation of the Chairman of the Movement of Non-Aligned Countries to hold a dialogue with a view to improving cooperation between the developed and developing countries.

56. ASEAN recognized the need to protect and preserve the environment while sustaining long-term economic growth. The commitment made at the United Nations Conference on Environment and Development to grant new and additional financial resources and promote the transfer of environmentally sound technologies to developing countries should be respected and implemented. Most importantly, environmental issues should not become a pretext for protectionism. In the pursuit of sustainable development, trade and environment should be made mutually supportive and complementary. Trade should be used as an instrument for economic growth that increased the resources available for environmental protection. Similarly, environmental protection should preserve and develop the natural resources that were needed to sustain the expansion of trade.

(Mr. Pibulsonggram, Thailand)

57. The right to development and economic well-being was a fundamental and inalienable right of all peoples. The emerging global economic order must provide for more equal economic opportunities for all nations. Intensive efforts should be made to promote foreign direct investments in developing countries and to establish a genuinely open multilateral trading environment.

58. Mr. Rysinski (Poland), Vice-Chairman, took the Chair.

59. Mr. KUDRYAVTSEV (Russian Federation) said that, over the past two years, the Russian Federation had sought to adapt its foreign trade to the accepted norms of international trade. All Russian enterprises regardless of ownership had been given the right to engage in foreign economic activities, and the role of private enterprises in such activities and in the economy as a whole was increasing. Most of the Russian Federation's specialized foreign economic associations had become joint-stock companies. State management of foreign trade was based exclusively on the application of the internationally accepted means and instruments of tariff and non-tariff regulation.

60. With its foreign trading partners, the Russian Federation was endeavouring to adhere closely to civilized norms of economic relations and, to that end, it had applied for admission to GATT. His delegation was grateful to the States parties to GATT that had supported the Russian Federation's official application to become a member of that instrument.

61. While the Russian Federation was capable of earning the necessary currency resources to improve its economy and carry out large-scale structural transformations, continuing protectionism in the principal markets for its goods and discrimination against Russia in world trade prevented the Russian Federation from making full use of its potential. The Russian Federation was grateful for the efforts of many of its partners and well-wishers for their support of countries with economies in transition. His delegation was in favour of unified "rules of the game" for all participants in international trade and hoped that Russian products would be given the same treatment as products from other countries. One step in the right direction had been the decision of the European Economic Commission to facilitate the access of products of the processing industries of countries in transition to the markets of the industrially developed countries. That was a good example for the United Nations system and other international organizations.

62. The Russian Federation valued its traditional economic ties with the developing countries and sought to maintain, as far as possible, a preferential trade regime with those countries. In turn, it hoped that the developing countries would understand its current difficult economic situation. The improvement of the Russian economy and the resumption of effective demand would serve the long-term foreign economic interests of the developing countries.

63. His delegation valued the activities being carried out by the United Nations system to support the integration of economies in transition into the world economy. In addition to the substantive documents on that question, the relevant chapters of the UNCTAD Trade and Development Report, 1993 contained a relatively successful detailed analysis of the economic and financial situation of the countries of Central and Eastern Europe and the republics of the former

(Mr. Kudryavtsev, Russian Federation)

Soviet Union. However, the Report tended to overdramatize the current situation in those countries.

64. His delegation hoped that the United Nations would broaden its technical assistance in that area, in particular through the implementation of specific projects by UNCTAD, UNCTAD/GATT International Trading Centre in cooperation with UNDP and other organizations of the United Nations system. His delegation supported the Uruguay Round of multilateral trade negotiations and looked forward to their successful conclusion for the benefit of all countries. The Russian Federation attached great importance to the improvement of mechanisms to regulate foreign economic ties and train specialists in foreign trade.

65. His delegation welcomed the work of the United Nations in the field of entrepreneurship, in particular the Secretary-General's report on entrepreneurship and national development (A/48/472), which contained a detailed analysis of that phenomenon. An obvious weakness of the report was its insufficient consideration of the potential of the United Nations system and the Bretton Woods institutions in that area; the Secretary-General should give greater attention to that aspect in future reports. The Secretariat should concentrate its efforts on the creation of the necessary institutional basis for developing entrepreneurship in interested countries and should strengthen its coordination both with the competent funds and programmes of the United Nations system and the Bretton Woods institutions and non-governmental organizations.

66. The development of entrepreneurship in the Russian Federation was closely linked with privatization and other market reforms. The Russian Government's privatization programme was already yielding practical results. As of 1 August 1993, 78,000 Russian enterprises had been privatized. The share of privatized enterprises in the fields of retail and wholesale trade, public catering and consumer services was already 66 per cent; in other areas it was between 1 and 30 per cent. Between January and August 1993, the number of enterprises that had become joint-stock companies had increased from 10 to 29 per cent. In most cases, the controlling shares were held by the workers of those enterprises.

67. Mr. GAFOOR (Singapore) said that his delegation fully supported the statement made by the representative of Thailand on behalf of ASEAN, as well as the statement by the representative of Colombia on behalf of the Group of 77 and China.

68. The Uruguay Round was two years behind schedule. It was ironic that at a time when the collapse of communism had vindicated the free-market system, the major developed countries were raising barriers to trade. If the Round failed, which was a very real possibility, it would destroy the credibility of GATT, strengthen the position of protectionist lobbies and encourage a system of bilateral and multilateral trading blocs that would lead to increased political tensions world wide.

69. The countries of Asia were deeply aware of the importance of free trade and trade liberalization. The six countries of ASEAN had, for instance, agreed to the establishment of an ASEAN Free Trade Area as of January 1993. Within the broader Asia-Pacific region, the efforts of ASEAN were complemented by those of

(Mr. Gafoor, Singapore)

the Asia-Pacific Economic Cooperation Council. Like the developing countries in general, they had been far more consistent and faithful to the principle of greater openness in trade than many of the developed countries.

70. The impasse among the developed countries at the GATT negotiations was due in part to their lack of a global perspective on the benefits of open markets. Now that Communism was no longer a threat, the western countries were allowing economic differences to divide them. That situation was compounded by the worst unemployment rates since the great depression, which were causing them to turn inward and exacerbating the fear of competition from developing countries. Sophisticated arguments for "fair trade" and "managed trade" were being used to justify a retreat to protectionism.

71. However, free trade was not zero-sum game in which the rich countries lost jobs to exporters and workers in the poor countries. Statistics showed that as the developing countries exported more and raised their incomes, they bought more capital goods and services from the developed countries. Between 1988 and 1991, United States exports of capital goods to East Asia had grown by an average of 17 per cent. Similarly, the fastest growing market for exports from the European Economic Community were in developing countries and the newly open economies. Moreover, the agreement at stake in the Uruguay Round included provisions regulating the service trade and increasing protection of intellectual property rights, both features that were very much in the interest of the developed countries.

72. Thus the successful conclusion of the Uruguay Round would act as a stimulus to international economic growth and development. Singapore therefore called on all countries to display the courage, and wisdom required to overcome the vested interests of a vocal minority and enable the negotiators to meet their 15 December deadline.

73. Mr. TANASESCU (Romania) said that, for the countries in transition, there was a strong link between entrepreneurship and privatization. In the view of Romania, privatization was essential to generating entrepreneurial thinking at the individual level and, thus, to the social transformation that was needed to achieve economic recovery.

74. However, despite a sense of urgency, Romania had chosen to privatize more slowly than some other countries in Eastern Europe. It continued to subsidize a number of inefficient major industries in order to prevent massive layoffs and social unrest. Furthermore, the privatization process was limited by a lack of private domestic capital that could be mobilized to buy shares in State-owned companies, as well as by organizational factors: the absence of an institutional framework, procedures, trained personnel and up-to-date infrastructures.

75. With respect to trade and development, lowering international trade barriers was of the utmost importance to the countries in transition. In implementing far-reaching political, economic and social reforms, the Romanian Government had paid special attention to trade, which was the main link between the domestic and the external environment. It had dismantled all trade monopolies, deregulated trading activity and reduced the associated formal

(Mr. Tanasescu, Romania)

procedures to a minimum. One of its top priorities was to integrate the country into the European economic and political structures. He was pleased to inform the Committee that Romania had concluded an association agreement with the European Communities and a free-trade agreement with the European Free Trade Association, and it was developing bilateral relations with the United States. Nevertheless, it saw bilateral and regional arrangements as a complement to multilateral liberalization, not a substitute.

76. For the new democracies in Eastern Europe and the former Soviet Union, integration into the world economy was vital to political stability and economic growth. That was why Romania attached the utmost importance to the success of the Uruguay Round.

The meeting rose at 6.10 p.m.